

Carillion Property Services Limited

Directors' report and financial statements

Registered number 4322876

For the year ended 31 December 2010

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Directors' report

The directors present their annual report together with the audited financial statements for the year ended 31 December 2010

Principal activities

The business of the company formerly consisted of the provision of insurance claim handling and related activities

Business review

During 2007, the company's principal client, Aviva (formerly Norwich Union), announced its intention to move to a single national supplier for household claim handling and repairs. The contract was awarded to Asprea Limited, a wholly-owned subsidiary of Canlion plc, in November 2007. Canlion Property Services Limited progressively transferred its business to Asprea Limited in 2007 and the company ceased this trade in the first quarter of 2008. The directors do not anticipate the company to undertake significant trade in the foreseeable future. Normal business terms on completion of works included a 12 month guarantee for work performed. All costs have now been incurred and there is, therefore, no longer a requirement to hold any provisions.

Results and dividends

The profit for the year after taxation amounted to £33,110 (2009 £ 436,369)

The directors do not recommend the payment of a dividend at the year end (2009 £2 million was proposed and paid)

Directors

The directors serving during the year and subsequently were

S Coney	
KJ Booth	(appointed 1st October 2010)
TD Kenny	(resigned 31st August 2010)
RH Harns	(resigned 28th September 2010)
D Shorrocks	(appointed 1st October 2010, resigned 29 July 2011)


Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office.

Approved by the Board on 7 September 2011 and signed on its behalf by



KJ Booth
Director

24 Birch Street
Wolverhampton
WV1 4HY

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

One Snowhill
Snow Hill Queensway
Birmingham
B4 6QH

Independent auditor's report to the members of Carillion Property Services Limited

We have audited the financial statements of Carillion Property Services Limited for the year ended 31 December 2010 set out on pages 7 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns or
- certain disclosures of directors' remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit



DK Turner
(Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
7 September 2011

Profit and loss account
for the year ended 31 December 2010

		Discontinued Operations	
		2010	2009
	Note	£	£
Cost of sales		-	137,208
Gross profit		-	137,208
Administrative expenses		-	165,161
Operating profit		-	302,369
Interest receivable and similar income	4	49,146	303,420
Interest payable and similar charges	5	(3,404)	-
Profit on ordinary activities before taxation		45,742	605,789
Tax on profit on ordinary activities	6	(12,632)	(169,420)
Profit for the financial year	11,12	33,110	436,369

The company has no recognised gains and losses in either the current or preceding year, other than those disclosed in the profit and loss account

There is no difference between the results as disclosed in the profit and loss account and the result on an unmodified historical cost basis in either the current or preceding financial year

Balance sheet
at 31 December 2010

	Note	£	2010 £	£	2009 £
Current assets					
Debtors	8	4,943,246		5,883,718	
		<u>4,943,246</u>		<u>5,883,718</u>	
Creditors amounts falling due within one year	9	(12,962)		(986,544)	
Net current assets			4,930,284		4,897,174
Net assets			<u>4,930,284</u>		<u>4,897,174</u>
Capital and reserves					
Called up share capital	10		4,000,000		4,000,000
Profit and loss account	11		930,284		897,174
Equity shareholders' funds	12		<u>4,930,284</u>		<u>4,897,174</u>

These financial statements were approved by the Board of Directors on 7 September 2011 and were signed on its behalf by



KJ Booth
 Director

Company registered number 4322876

Carillion Property Services Limited
Notes
(forming part of the financial statements)

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial information

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' report

The company participates in the Carillion plc group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors, having assessed the responses of the directors of the company's ultimate parent Carillion plc to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Carillion group to continue as a going concern or its ability to continue with the current banking arrangements. The Group renegotiated the banking facilities in February 2011 to continue to cover this requirement. As with any company placing reliance on other group entities for financial support the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result in the basis of preparation being inappropriate.

Cash flow statement

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that Carillion plc, the company's ultimate parent undertaking, includes the company's cash flows in its own published consolidated cash flow statement.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Related party transactions

As 100% of the Company's voting rights are controlled within the group headed by Carillion plc the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Carillion plc within which this Company is included, can be obtained from the address given in note 14.

Pensions

Pension costs are recognised in the financial statements in accordance with the requirements of FRS 17 "Retirement benefits". Carillion plc the company's ultimate parent undertaking administers and takes advice on the group's pension schemes. Regular pension costs in respect of the group's defined benefit pension schemes are established in accordance with the recommendations of independent actuaries and are charged to the profit and loss account based on the current service cost to the group.

In respect of the Carillion Staff Pension Scheme the assets and liabilities of the scheme relating to the company cannot be readily ascertained on a reasonable and consistent basis as the scheme is for the benefit of the Carillion Group as a whole. Consequently, the company accounts for this scheme as if it was a contribution scheme.

Contributions in respect of defined contribution schemes are charged to the profit and loss account as incurred.

Notes (continued)

2 Profit on ordinary activities before taxation

	2010 £	2009 £
<i>Operating profit is stated after charging</i>		
Auditors' remuneration - audit services	-	1,000

Fees paid to the company's auditor, KPMG Audit Plc and its associates, for services other than the statutory audit of the company are not disclosed in these financial statements since the consolidated financial statements of the company's parent, Carillion plc, are required to disclose non-audit fees on a consolidated basis

3 Directors' remuneration

The directors are paid through a fellow group company and no charge is made to Carillion Property Services Limited in respect of these emoluments (2009 £nil)

4 Interest receivable and similar income

	2010 £	2009 £
Interest receivable from group undertakings	49,146	303,420
	<u>49,146</u>	<u>303,420</u>

5 Interest payable and similar charges

	2010 £	2009 £
Interest payable to group undertakings	3,404	-
	<u>3,404</u>	<u>-</u>

Notes (continued)

6 Tax on profit on ordinary activities

(a) Analysis of taxation charge in the year

	2010 £	2009 £
UK corporation tax		
Current tax	12,808	110,821
Adjustment in respect of prior periods	(176)	(201)
Total current taxation	12,632	110,620
Deferred taxation		
Origination and reversal of timing differences	-	58,800
Total deferred taxation	-	58,800
Current tax charge for the year	12,632	169,420

(b) Factors affecting the tax charge for the current year

The UK standard rate of corporation tax for the year is 28% (2009 28%) The difference is explained below

	2010 £	2009 £
Current tax reconciliation		
Profit on ordinary activities before taxation	45,742	605,789
Tax on profit on ordinary activities at 28% (2009 28%)	12,808	169,621
<i>Effects of</i>		
Other timing differences	-	(58,800)
Adjustment in respect of previous periods	(176)	(201)
Current tax charge for the year	12,632	110,620

(c) Factors that may affect future tax charges

The Budget on 23 March 2011 announced that the UK corporation tax rate will reduce from 28% to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 21 July 2010 and will be effective from 1 April 2011. This will reduce the company's future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further 4% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liabilities/assets accordingly.

7 Equity dividends

	2010 £	2009 £
Equity shares		
Ordinary dividends at £0.50 per share (2009 £0.50 per share)	-	2,000,000

Notes (continued)

8 Debtors

	2010 £	2009 £
Amounts owed by group undertakings	4,943,246	5,865,364
Other debtors	-	18,354
	<u>4,943,246</u>	<u>5,883,718</u>

9 Creditors Amounts falling due within one year

	2010 £	2009 £
Amounts owed to group undertakings	-	841,257
Corporation tax	12,962	110,821
Other tax and social security costs	-	1,252
Other creditors	-	33,214
	<u>12,962</u>	<u>986,544</u>

10 Called up share capital

	2010 £	2009 £
Authorised, allotted, called up and fully paid 4,000,000 ordinary shares of £1 each	4,000,000	4,000,000
	<u>4,000,000</u>	<u>4,000,000</u>

11 Reserves

	Profit and loss account £
At beginning of year	897,174
Profit for the financial year	33,110
At the end of the year	<u>930,284</u>

12 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit for the financial year	33,110	436,369
Dividend paid to equity holders	-	(2,000,000)
Net increase in equity shareholders' funds	33,110	(1,563,631)
Equity shareholders' funds at the beginning of the year	4,897,174	6,460,805
Equity shareholders' funds at the end of the year	<u>4,930,284</u>	<u>4,897,174</u>

13 Controlling and parent companies

The company's controlling company is Carillion Construction Limited, its immediate parent company, whilst the company's ultimate controlling company is Carillion plc, its ultimate parent company, both of which are incorporated in Great Britain and registered in England and Wales

Copies of the group financial statements of Carillion plc are available from 24 Birch Street, Wolverhampton, WV1 4HY